

Certified Public Manager Project

Diversity Management & Income Distribution at SCDOT

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Introduction:

The South Carolina Department of Transportation (SCDOT) had 5059 (see chart #1) employees in fiscal year 2006. SCDOT is established as an administrative agency, organized into four functional areas namely, Engineering, Finance and Administration, Special Programs and Mass Transit. There are four Deputy Directors that serve at the pleasure of the Executive Director; a Deputy Director is responsible for each of the four functional areas. The Executive Director reports to a seven member Commission; each commission represents one of the six congressional districts, and the Governor appoints the Commission Chairman.

Purpose of the Project:

The scope of this project is to provide an analysis of the diversity management and income distribution at SCDOT to ensure that the agency's objectives are adequately being met among the diverse groups, and that income distribution among these groups reflects the agency's Career Path Program objective. How does one evaluate or measure whether the agency's objective is being met? What is the agency's incentive to ensure that diversity and income distribution reflects the general employee population? This report will provide answers to these questions.

Frederick Herzberg, in his book The Motivation to Work (Transaction Publishers, 1993), indicated that employees are motivated by two factors namely the Extrinsic (hygiene) and Intrinsic (motivators). Extrinsic factors include working conditions, job security and pay.

Mr. Herzberg, concluded that extrinsic factors could lead to job dissatisfaction, and may very well lead to turnover and lack of motivation.

Meeting diversity objectives has been a challenge for most employers both in the public and private sectors. On one hand, employers do not want to appear as favoring a particular group, and on the other hand employers want to do the right thing by reflecting the diverse makeup of our society within the work force.

For example, Diversity Magazine issue of September 2006, stated that on Thursday, August 31, 2006, the Ninth United States Circuit Court of appeals reinstated age discrimination lawsuits against IBM saying it found that termination pay agreements offered to employees by IBM were misleading and confusing. Additionally, the US Supreme Court upheld the University of Michigan law school general affirmative action admissions policy. However, there is a ballot initiative to scrap this admission policy. If the ballot proposal passes it would result in amending the State Constitution to ban affirmative action programs that will give preferential treatment for public employment and education based on race, gender, color, ethnicity or national origin.

Data Collection

The data for this project was collected exclusively from the agency's human resources office. While some information was taken from the agency's web site, more substantive information was collected through a formal request through the Human Resource Office exclusively for this project. The data collection for this project was limited to the last three fiscal years starting from July 1, 2003 and ending June 30, 2006, and was organized by Districts.

The agency has seven (7) Districts and the Headquarters location. The districts are fully functional with limited autonomy. Each district consists of Counties and represented as follows: **District 1** includes Aiken, Kershaw, Lee, Lexington, Richland and Sumter Counties. **District 2** has Abbeville, Edgefield, Greenwood, Laurels, McCormick, Newberry and Saluda Counties. **District 3** has Anderson, Greenville, Oconee, Pickens and Spartanburg Counties. **District 4** has Cherokee, Chester, Chesterfield, Fairfield, Lancaster, union and York Counties. **District 5** includes Darlington, Dillon, Florence, Georgetown, Horry, Marion, Marlboro and Williamsburg Counties. **District 6** has Beaufort, Berkeley, Charleston, Colleton, Dorchester and Jasper Counties. **District 7** has Allendale, Bamberg, Barnwell, Calhoun, Clarendon, Hampton and Orangeburg Counties.

Having an accurate picture of the allocation of SCDOT personnel is very important in order to accurately evaluate the data provided. SCDOT had 5,059 employees in fiscal year 2006. The districts composition in 2006 was as follows: There were 744 (15%) employees in **District 1**, 421(8%) employees in **District 2**, 564 (11%) employees in **District 3**, 527 (10%)

employees in District 4, 717 (14%) employees in District 5, 585 (12%) employees District 6, 420 (8%) employees in District 7, and 1081 (21%) at the Headquarters location.

Fiscal Year 2002 - 2005 Demographic Information (source: SC statistical abstract)

According to the 2000 United States Census Bureau report, South Carolina's, total population is 4,012,012. The gender ratio is almost evenly distributed at 49% male and 51% female. Whites represent 67% of the total population, Blacks 30%, Hispanic 2%, and other races constitute less than 1% of the total population.

The SCDOT has ten pay bands. Job classifications are assigned to each of these bands. The minimum and maximum salaries ranges for each Band is as shown below:

	Minimum	Mid-Range	Maximum
Band 01	\$10,712	\$17,277	\$23,843
Band 02	\$15,686	\$22,354	\$29,022
Band 03	\$19,087	\$27,201	\$35,316
Band 04	\$23,222	\$33,092	\$42,963
Band 05	\$28,255	\$40,266	\$52,278
Band 06	\$34,383	\$48,998	\$63,613
Band 07	\$41,835	\$59,616	\$77,397
Band 08	\$50,901	\$72,537	\$94,174
Band 09	\$61,933	\$88,258	\$114,583
Band 10	\$75,356	\$107,385	\$139,415

Using the 2000 United States Census Bureau data and combining it with SCDOT districts representation, the following table shows each county's total population, and the number of Whites as a percentage of each county's total population:

District	SC Counties	Total County Population	White Alone Population	%
1	Lee County	20,119	7,048	35%
1	Aiken County	142,552	101,745	71%
1	Kershaw County	52,647	37,701	72%
1	Lexington County	216,014	181,844	84%
1	Richland County	320,677	161,276	50%
1	Sumter County	104,646	52,462	50%
2	Abbeville County	26,167	17,881	68%
2	Edgefield County	24,595	13,962	57%
2	Greenwood County	66,271	43,455	66%
2	Laurens County	69,567	49,789	72%
2	McCormick County	9,958	4,459	49%

District	SC Counties	Total County Population	White Alone Population	%
2	Newberry County	36,108	23,115	64%
2	Saluda County	19,181	12,622	66%
3	Anderson County	165,740	135,177	82%
3	Greenville County	379,616	294,324	76%
3	Oconee County	66,215	59,025	89%
3	Pickens County	110,757	99,978	90%
3	Spartanburg County	253,791	190,569	75%
4	Cherokee County	52,537	40,409	77%
4	Chester County	34,068	20,416	60%
4	Chesterfield County	42,768	27,515	64%
4	Fairfield County	23,454	9,282	40%
4	Lancaster County	61,351	43,577	71%
4	Union County	29,881	20,262	68%
4	York County	164,614	127,162	77%
5	Darlington County	67,394	38,402	57%
5	Dillon County	30,722	15,481	50%
5	Florence County	125,761	73,760	59%
5	Georgetown County	55,797	33,307	60%
5	Horry County	196,629	159,363	81%
5	Marion County	35,466	14,787	42%
5	Marlboro County	28,818	12,820	45%
5	Williamsburg County	37,217	12,184	33%
6	Beaufort County	120,937	85,451	71%
6	Berkeley County	142,651	96,997	68%
6	Charleston County	309,969	191,928	62%
6	Colleton County	38,264	21,245	56%
6	Dorchester County	96,413	68,498	71%
6	Jasper County	20,678	8,766	42%
7	Allendale County	11,211	3,068	27%
7	Bamberg County	16,658	6,075	37%
7	Barnwell County	23,478	12,956	55%
7	Calhoun County	15,185	7,597	50%
7	Clarendon County	32,502	14,602	45%
7	Hampton County	21,386	9,173	43%
7	Orangeburg County	91,582	34,045	37%

Employee by gender

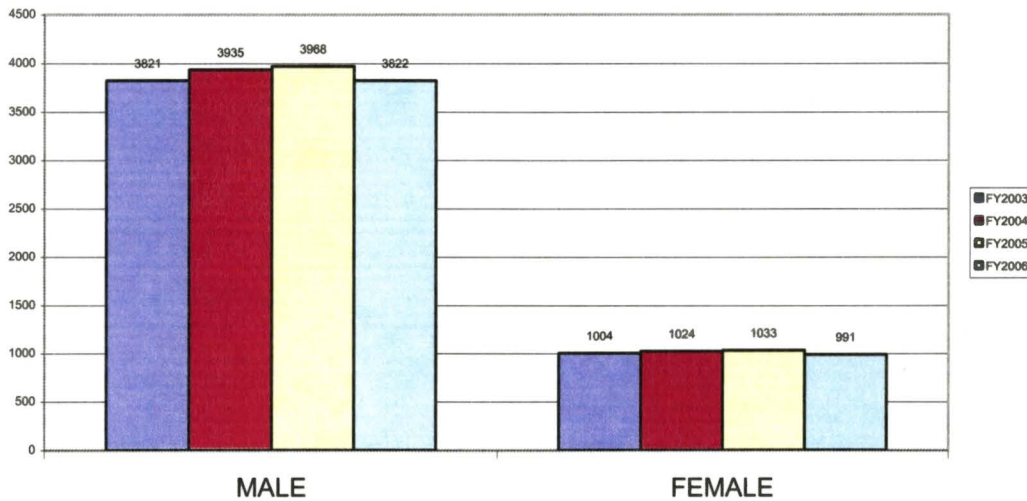


Chart # 1

The demographic composition of employees in fiscal year 2006, were as follows 3997 (79%) of all employees were male and 1062 (21%) were female. However, 75% of all female employees were Whites, while 20% of all female employees were Blacks and 5% were Others.

See chart #1

Employees by Race

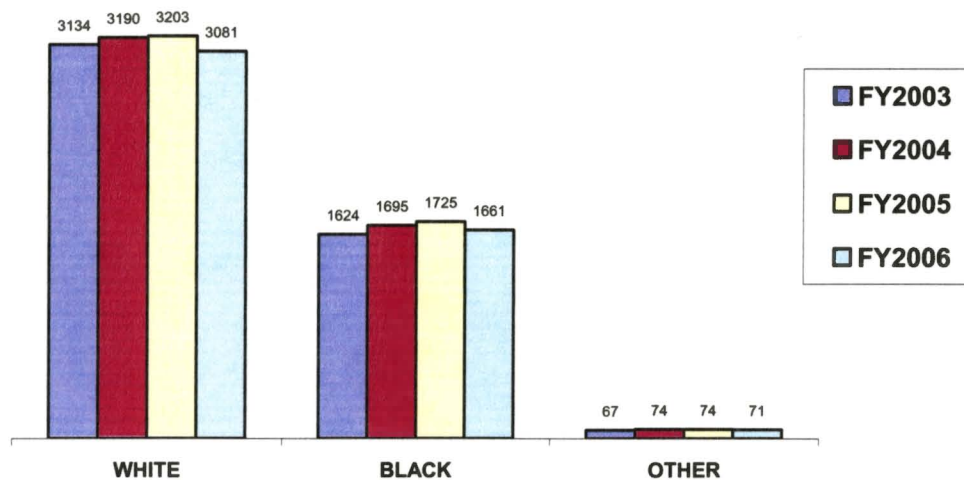


Chart #2

Chart # 2 data reveals that during the four years under review, race ratio at SCDOT has remained constant with White numbering about 3,231 (64%), Blacks about 1,752 (35%) and 73 (1%) Others.

Employee By Age Brackets

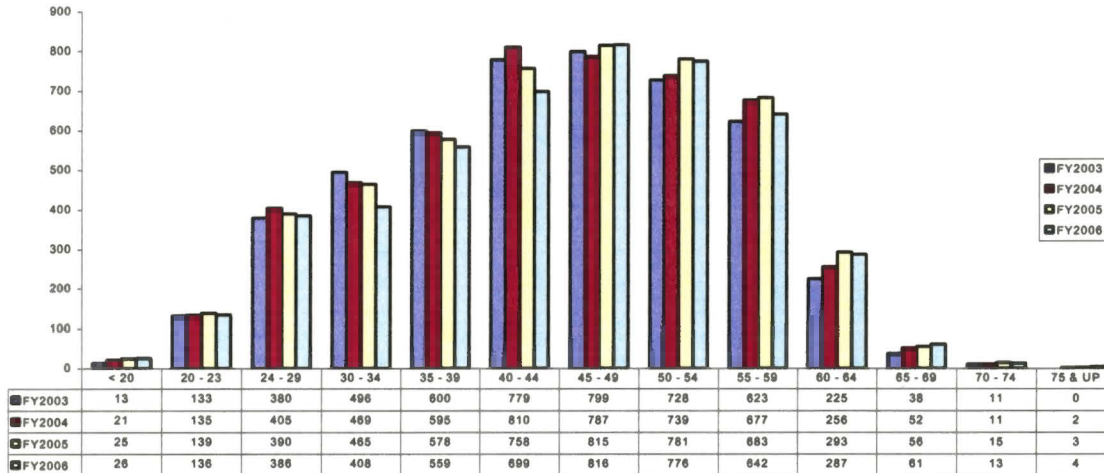


Chart #3

A review of the age distribution (chart # 3), shows about 50% of all SCDOT employees were between the ages of 40 and 54 and that number remained relatively constant during the period under review. This is not surprising because this age group includes employees under the TERI Plan. The TERI Plan is the State of South Carolina's initiative to slow the massive exodus of employees through retirement. The initiative allows employees who have met their retirement conditions either by age or years of service to remain in the work force for a maximum of five years.

Employees by Band

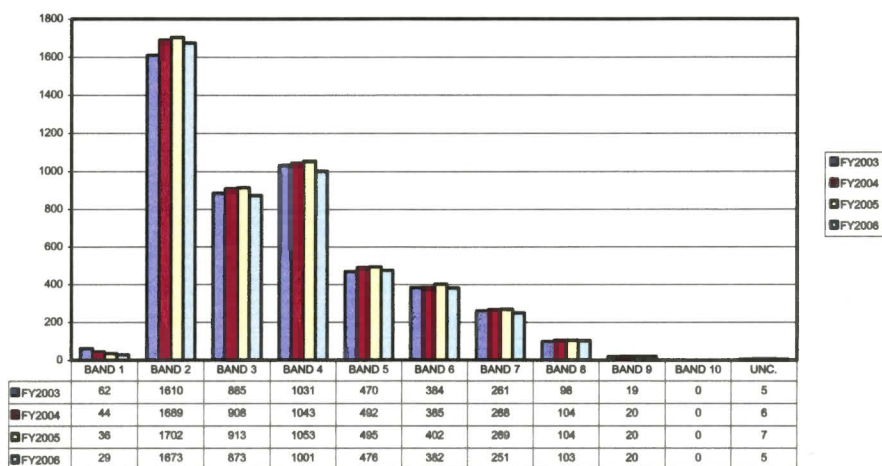


Chart # 4

SCDOT employees were represented in all salary band categories from Band 1 to Band 10; about 33% of all employees were located in Band 2, 17% in Band 3 and 20% in Band 4. The data also indicates that 3,547 (70%) of all employees were in Bands 2, 3, and 4 while less than 1% were in Bands 8 and higher.

Tables A and B illustrates respectively the total number of employees promoted and upwardly reclassified during the period under review. The two tables also show how the promotions and upward reclassifications were distributed by Band and by districts.

Table A: Number of Promotions by Pay Band by Districts - FY 2002-2005

Bands	1	2	3	4	5	6	7	8	9
District 1	0	9	37	29	5	7	7	3	2
District 2	0	7	29	14	7	5	2	0	0
District 3	0	22	24	36	14	17	9	0	0
District 4	0	5	49	27	8	4	4	1	0
District 5	0	7	46	30	8	3	3	0	1
District 6	0	20	48	36	15	13	8	1	1
District 7	0	2	6	14	9	5	5	5	1
Headquarters	0	2	9	24	34	50	29	14	2
Total (824)	0	74	239	210	100	104	67	24	7

Of the 824 promotions that were awarded during the period under review, 239 (29%) were promoted into band 3, Band 4 followed with 210 (25%). Band 5 had 104 (13%) of the promotions, 100 (12%) were promoted into Band 6. Band 7 followed with 67 (8%). Band 8 and 9 held 24 (3%) and 7 (1%) respectively. See table A

Additionally, of the 824 promotions awarded during the period under review, 523 (63%) were in Band 2, 3 and 4, this is significant because it demonstrates that the agency recognizes that

70% of SCDOT employees are located in Band 2,3 and 4, and promotional awards reflects that distribution.

Table B: Number of Upward Reclassification by Pay Band by Districts - FY 2002-2005

Bands	1	2	3	4	5	6	7	8	9
District 1	0	0	0	3	2	5	1	0	0
District 2	0	1	2	2	3	0	1	2	1
District 3	0	8	2	1	0	0	1	0	1
District 4	0	0	0	1	5	0	0	0	1
District 5	0	0	1	5	4	1	1	0	0
District 6	0	0	1	1	0	0	0	0	0
District 7	0	0	3	0	1	1	0	0	1
Headquarters	0	0	1	8	27	23	15	17	7
Total (161)	0	9	10	21	42	30	19	19	11

Of the 161 positions that were reclassified, 42 (26%) were reclassified into band 5, Band 6 followed with 30 (18%). Band 4 had 21 (13%). Band 7 and 8 were tied at 19 (12%). Band 9 followed with 11 (7%). Band 3 and 2 had 10 (6%) and 9 (5%) respectively. See table B. About 50% of the upward reclassifications during the period under review, were awarded to employees in Bands 5 and 6, however this two bands make-up only 17% of the agency's salary distribution by bands. See chart 4.

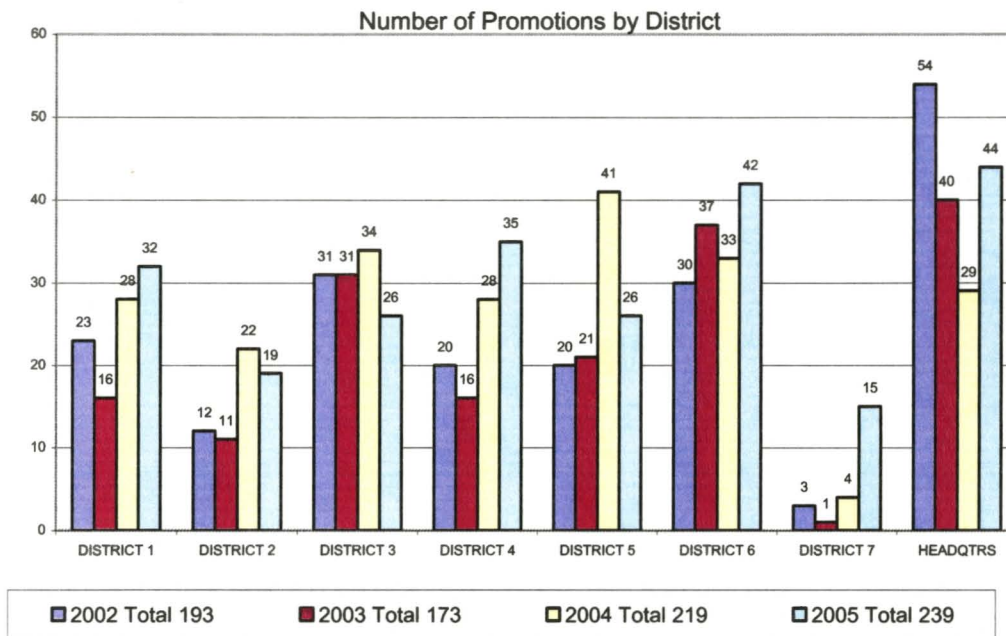


Chart #5

During the period under review, a total of 824 employees were promoted. 12 % of those that received promotional awards were in District 1, 8% were in District 2, 15% were in District 3, 12% in District 4, 13% were in District 5, 17% were in District 6, 3% were in District 7 and 20% at the Headquarters location. The data also indicates that Headquarters had the most promotional awards with 167 (20%) employees. The promotional distribution by District is in line with SCDOT's general employee distribution by Districts. (Ref. page 5)

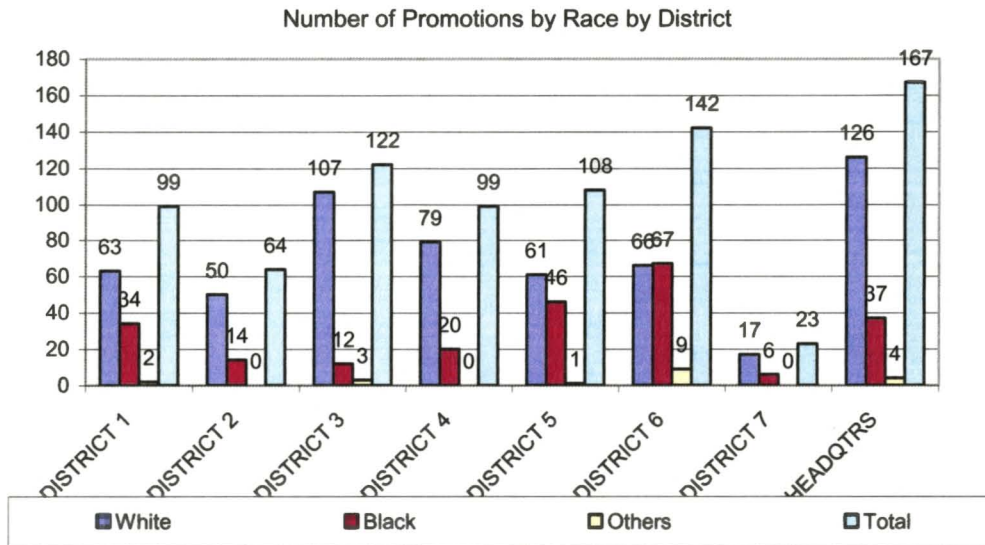


Chart # 6

Chart # 6 reveals that the agency awarded a total of 824 promotions during the review period. A break down of the promotional awards by race shows 69% of the promotions were given to White employees, 29% were given to Black employees and 2% went to Other races. This distribution does mirror the agency demographics distribution. However, a snapshot of the promotional award by district by race paints a different picture, for example District 3 had a total of 122 promotion 107 (88%) were Whites and 12 (10%) were Blacks, similarly, Headquarters location had 167 promotions during the same period, 126 (75%) were awarded to Whites and 37 (22%) were provided to Blacks. This discrepancy may be attributed to job characteristics or other variables that were not considered in this report. See chart 2.

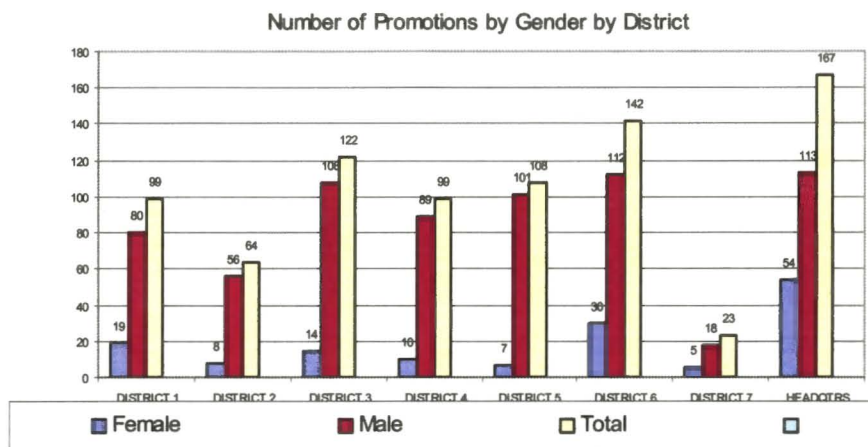


Chart # 7

Of the 824 promotions awarded during the review period by gender, data reveals that 71% of the promotions that were awarded went to male employees, and 29% of the promotions went to female employees. In comparison to the agency's gender distribution (See chart #1) one would be right to say that somewhat more females were promoted than males as a percentage of the total agency gender ratio.

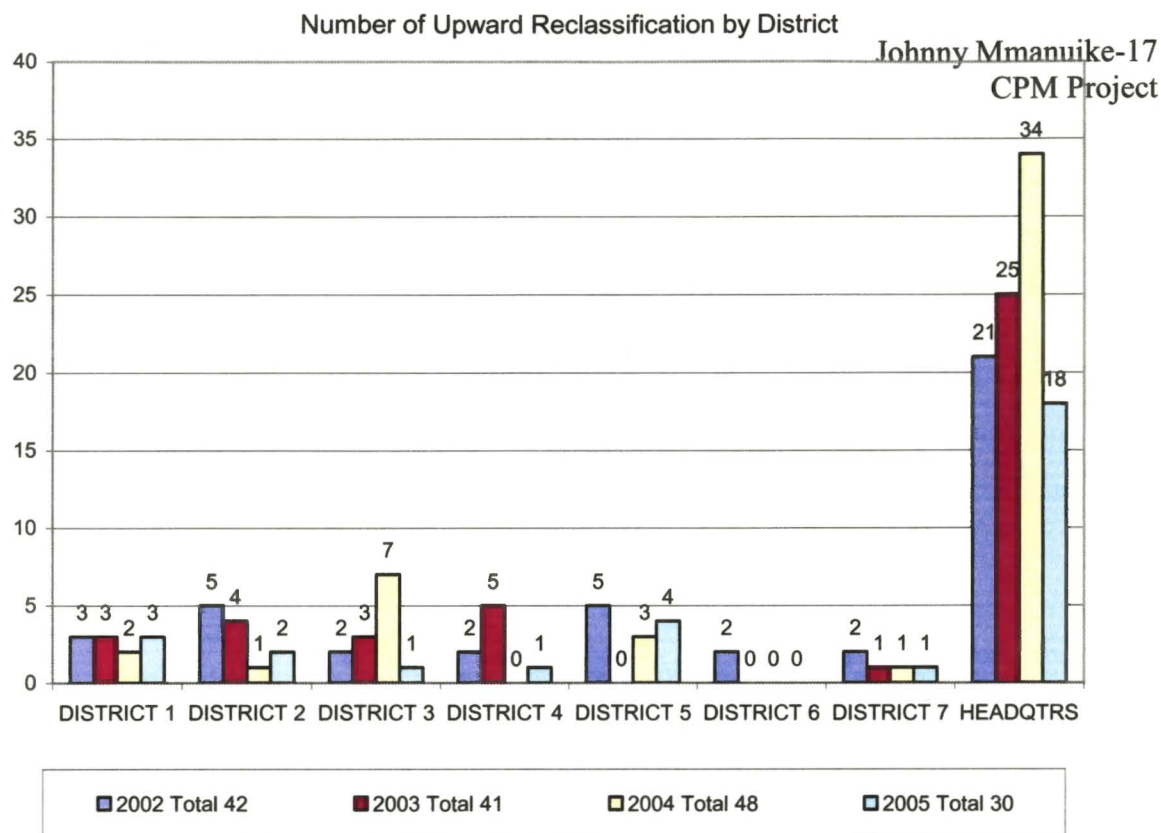


Chart # 8

During the period under review, the data revealed a total of 161 positions that were upwardly reclassified. Of this number, 11(6%) positions were located in District 1, 12(7%) in District 2, 13 (8%) in District 3, 8 (4%) in District 4, 12(7%) in District 5, 2 (1%) in District 6, 5 (3%) in District 7 and 98 (60%) of the positions were at the Headquarters location. This shows that there is a disproportionate distribution of reclassification reward by district comparison. An employee was more likely to get a reclassification if they worked in Districts 1, 2 and 4 than if they worked in other Districts. This also shows that Headquarters employees had nearly a 1 in 10 chance that their position may be reclassified, however in the districts, the chances are much smaller.

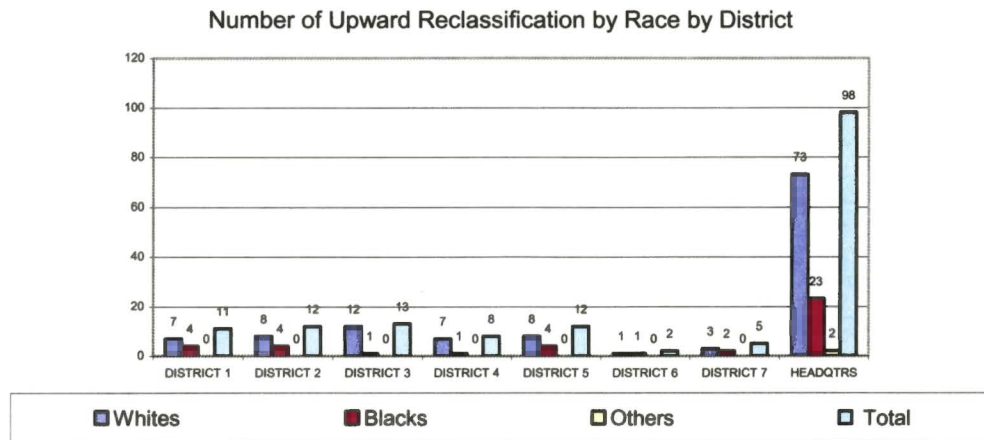


Chart # 9

The 161 positions that were upwardly reclassified, 119 (74%) were white employees and 40 (25%) were black employees and 2 (1%) were others. This finding does somewhat reflect the demographic composition of the agency employees, where 64% of all employees are Whites and 35% are Blacks. (See chart #2). Also of the 25% Black positions that were upwardly reclassified, 23 (58%) of the positions were located at the Headquarters.

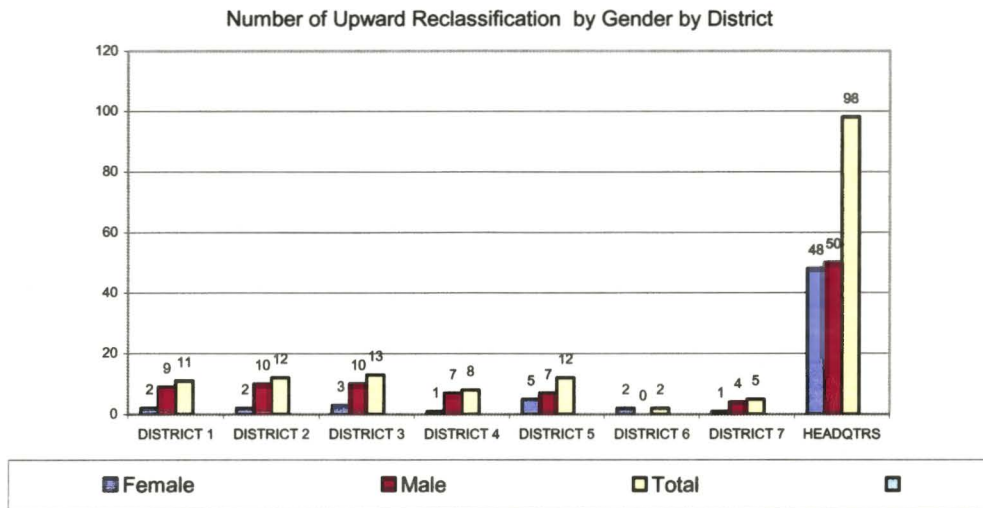


Chart #10

The upwardly reclassification data also reveals that 60% of the positions that were upwardly reclassified were held by male employees and 40% of the positions were held by females. This also shows a disproportionate distribution of rewards since female employees made up only 21% of all agency employees.

Conclusion:

In closing, diversity management and equitable distribution of income at SCDOT is one of the most significant human resource issues affecting the implementation of the agency Career Path Program adopted in fiscal year 2006. The ultimate goal is to achieve a diverse employee pool that is motivated and believes that they are appreciated. This requires full commitment from senior management.

As shown from the data collected and analyzed, the gender distribution at SCDOT is 79% male, 21% female and this does not reflect the composition of the South Carolina general population; which shows 51% of the population to be female and 49% male. Though data reviewed reflects a disparity in gender distribution at SCDOT, this report did not investigate why this is so, however, factors such as job-characteristics and qualifications may have played a role in this situation. (*Source: South Carolina Statistical Abstract*)

The race distribution during the period under review reflects the State's general population of 67% Whites, 30% Blacks and less 1% Others.

Additionally, the age distribution at SCDOT reflects the general trend within other state agencies in South Carolina with more than 50% of the employees within the ages of 40 to 54, and this should be a concern to policy makers to find ways to attract younger adults into state government and retain them. The trend also poses a great work force planning issue for SCDOT both in recruiting and retention of employees.

Generally speaking, the most significant differences between Blacks and Whites occurred in Districts 1, 2, 3, 4, and Headquarters in the demographics distribution by race. During the years under review, these districts have maintained considerable differences between the races. District 3 has the highest disparity with Whites outnumbering Black by an average of 5 to 1.

The income distribution, shows a significant number of employees, 1,650 (33%) are in pay Band 2, again, further research is needed to determine why this is so. However, of the 161 positions that were upwardly reclassified during the period under review, 119 (74 %) were Whites, while 40 (25%) were Blacks and only 1% Others. This result is proportionate to the race distribution at SCDOT.

It is also significant to point out that of the 824 promotions awarded during the review period, 523 (63%) went to employees in Bands 2 and 3. A noticeable fact is the 29% of female employees that received promotional award in comparison to 21% representing all female employees at SCDOT. Again the report did not investigate job-characteristics, qualifications, experience, and other variables. One common assumption from the data shows that more opportunities exist at the Headquarter for minorities than in the Districts.

Finally, the report shows that SCDOT will benefit significantly if the agency is able to link diversity management and income distribution with the agency's strategic objective because this will complement the newly implemented Career Path Program. The Career Path Program provides a robust classification and compensation strategy that provides a fair and equitable distribution of income and career progression. Secondly, a well-managed diversity program could help the agency avoid unnecessary grievance lawsuits. Thirdly, a good diversity program, coupled with equitable income distribution could assist SCDOT in motivating and retaining good employees especially as baby boomers approaches retirement age.